

WINDELS MARX LANE & MITTENDORF, LLP  
156 WEST 56TH STREET  
NEW YORK, NEW YORK 10019

TELEPHONE: 212.237.1000

FACSIMILE: 212.262.1215

Alan Nisselson

212.237.1021

anisselson@windelsmarx.com

NEW BRUNSWICK, NJ

PRINCETON, NJ

FLORHAM PARK, NJ

STAMFORD, CT

BONITA SPRINGS, FL

September 21, 2009

VIA FACSIMILE

The Honorable Dennis E. Milton  
United States Bankruptcy Judge  
United States Bankruptcy Court  
Eastern District of New York  
271 Cadman Plaza East  
Brooklyn, NY 11201

Re: In re Philip G. Barry  
Chapter 11 Bankruptcy Case No. 08-47352 (DEM)  
Status Report  
Our File Number: 303649-002

Dear Judge Milton

I am the trustee of the chapter 11 estate of Philip G. Barry ("Debtor"). In advance of the conference scheduled to be held before Your Honor on September 24, 2009, set forth below is a brief update on the status of the Debtor's case since our last conference before Your Honor on August 11, 2009.

1. By Order dated August 12, 2009, the court approved the Trustee's motion pursuant to Bankruptcy Code §§363(b)(1), (f) and (k) for an Order approving sale of real property of Debtor approving bidding procedures and scheduling a public auction sale. An action sale is scheduled to take place on October 15, 2009 at 1:00 p.m. A hearing to confirm the sale before Your Honor is scheduled for October 20, 2009 at 10:00 a.m.
2. The Debtor has been arrested by federal authorities and charged with securities fraud. In addition, the United States Securities and Exchange Commission has filed a civil complaint against the Debtor for violations of Securities Act,

VIA FACSIMILE

The Honorable Dennis E. Milton

September 21, 2009

Page 2

Exchange Act and Advisers Act.

3. My accountants, Eisner, LLP, have reviewed Debtor's records including investor files as well as bank statements of the Debtor and his affiliates in the possession of the Securities and Exchange Commission. Based upon our investigation to date, we believe over \$25 million of funds were transferred by Mr. Barry to various individuals and entities in the six years preceding the bankruptcy. Over the next couple of weeks, I will be sending out letters demanding return of these funds to the bankruptcy estate.

I look forward to addressing any specific questions Your Honor may have at the status conference.

Respectfully submitted,

  
Alan Nisselson

AN:ms

cc: Parties who have filed Notices of Appearance  
Office of the United States Trustee